

Message Text

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41

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 /123 W

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R 201320Z SEP 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3685

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USMISSION OECD PARIS UNN

USMISSION EC BRUSSELS

USINT BAGHDAD

C O N F I D E N T I A L KUWAIT 3840

E.O. 11652: GDS

TAGS: ENGR, KU

SUBJ: OPEC OIL PRICE DECISION - KUWAITI VIEWS

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REF: STATE 217382

1. PER REFTEL DCM AND I MET WITH KUWAITI OIL MINISTER KAZEMI SEPTEMBER 20 TO DISCUSS OPEC OIL PRICE DECISION AT SEPTEMBER 24 MEETING IN VIENNA. HUAZEMI, WHO PLANS DEPART KUWAIT FOR VIENNA SEPTEMBER 23, WILL HEAD KUWAITI DELEGATION.

2. FOLLOWING MY PRESENTATION -- WHICH STRESSED THE ADVANTAGES TO KUWAIT AND OPEC, AS WELL AS REST OF WORLD, OF HOLDING THE LINE ON PRICES UNTIL SERIOUS CONSUMER/PRODUCER DIALOGUE COULD BE RE-ESTABLISHED -- KAZEMI SAID:
A) KUWAIT'S INITIAL POSITION AT VIENNA WILL BE TO URGE DELAY OF PRICE INCREASE FOR FOUR TO SIX MONTHS AS GESTURE OF GOOD- WILL TOWARDS RENEWED PRODUCER/CONSUMER DIALOGUE;
B) IF INCREASE APPEARS INEVITABLE, KUWAIT WILL SEEK TOKEN INCREASE (FIVE PERCENT OR LESS) "TO PROVE OPEC'S CONTINUED ABILITY TO DICTATE PRICES."

3. DESPITE ABOVE HELPFUL POSITION, KAZEMI MADE CLEAR THAT CONSENSUS WITHIN OPEC MUST PREVAIL. WHILE HE ASSURED ME GOK WOULD NOT TAKE AN EXTREME POSITION, ITS FINAL POSITION WOULD BE DETERMINED BY THE VIEWS OF OTHER OPEC GOVERNMENTS AT VIENNA. I STRONGLY ARGUED AGAIN FOR NO PRICE INCREASE, SAYING OPEC SURELY DID NOT NEED TO DEMONSTRATE FURTHER ITS ABILITY TO RAISE PRICES AT WILL. OPEC NOW NEEDED DEMONSTRATE ITS UNDER- STANDING OF THE CONCERNS OF REST OF WORLD AND ITS WILLINGNESS JOIN WITH DEVELOPED AND POOR NATIONS TO TACKLE WHOLE RANGE OF PROBLEMS AFFECTING ALL.

4. IN GUARDED EXCHANGE, KAZEMI SINGLED OUT IRAN AS ONLY OPEC GOVERNMENT CURRENTLY OPPOSING PUBLICLY MODERATE PRICE INCREASE. HE WONDERED WHETHER SHAH WAS ATTEMPTING TO INFLUENCE (READ "BLACKMAIL") USG ON OIL PRICE ISSUE AND ASKED WHETHER I WAS AWARE OF ANY EFFORT BY GOI TO OBTAIN CONCESSIONS FROM USG ON ARMS PURCHASES OR IN OTHER AREAS IN EXCHANGE FOR A MORE MODERATE IRANIAN POSITION ON OIL PRICES. I DENIED KNOWLEDGE OF ANY SUCH ACTION, ONLY EXPRESSING PERSONAL OPINION USG AND AMERICAN PUBLIC WOULD TAKE VERY POOR VIEW OF EFFORT OF ANYONE, INCLUDING SHAH, TO PRESS FOR A SUBSTANTIAL INCREASE IN OIL PRICES AT VIENNA.

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